

Application No: 10/029,997
Attorney's Docket No: US 010470

The Office Action rejects claim 1, 3-13, and 21-27 under 35 U.S.C. § 103(a) as allegedly being unpatentable over U.S. Patent No. 6,233,684 to Stefik et al. (hereinafter "Stefik") in view of the alleged "Applicant's own admissions." Applicant respectfully traverses these rejections for at least the reasons set forth below.

Applicant previously submitted arguments traversing this rejection in the Amendments filed June 18, 2005, October 10, 2005 and April 10, 2006. All of the arguments made in those Amendments are hereby incorporated in their entirety by reference. In addition to the arguments previously made regarding the outstanding rejection, applicant respectfully submits the following new arguments regarding the rejection.

Claims 1, 12 and 21

Claim 1 recites "storing user data associated with a plurality of registered users, wherein said user data includes a user identification code (userID) and payment information corresponding to each registered user of the plurality of registered users." for the purpose of "effecting payment to the registered user for the sale of the digital product by the registered user to user" (emphasis added).

With respect to the above-quoted subject matter, the Office Action refers to Figure 6 of Stefik, and more specifically, Items 603 and 605 as allegedly "clearly showing a registration step" that is associated with "a fee structure and identification number for channeling fees from a user to an author" (emphasis added). See pp. 6-7 of the Office Action. However, "channeling fees from a user to an author" is categorically different from "effecting payment to the registered user for the sale of the digital product by the registered user to user" (emphasis added). To be

Application No: 10/029,997
Attorney's Docket No: US 010470

more specific, in Stefik, the only plausible user information shown is the one associated with the owner of the digital work and the one attached to a particular rendering device, such as a printer. See col. 9, ln. 14-40. Regarding the availability of such user information, while it may enable channeling fees “from a user to an author”, it cannot possibly “effect payment to the registered user for the sale of the digital product by the registered user to user” (emphasis added). This is true because the only payee that Stefik contemplates is an owner of a digital work, as opposed to “a plurality of registered users” (emphasis added) that the above-quoted subject matter of claim 1 concerns. This observation is not at all surprising because Stefik is concerned with the owner’s interest of “detering or preventing unauthorized copying of the rendered work” (See col. 9: 35 - 36) whereas the above-quoted subject matter recited in claim 1 is concerned with effecting the payment of a reward to a level n user, thereby encouraging legal distribution of a digital product.

Consequently, contrary to the Office Action’s assertion, Stefik cannot possibly disclose, teach, or suggest “storing user data associated with a plurality of registered users, wherein said user data includes a user identification code (userID) and payment information corresponding to each registered user of the plurality of registered users” for the purpose of “effecting payment to the registered user for the sale of the digital product by the registered user to user” (emphasis added), as recited in claim 1.

Claim 1 further recites, “transferring a data packet associated with the digital product from a registered users to another user, wherein the data packet includes a watermark storing the userID of the registered user such that each subsequent transfer of the data packet between users includes updating the watermark to include a userID of a transferor” (emphasis added).

Application No: 10/029,997
Attorney's Docket No: US 010470

With respect to this subject matter, the Office Action refers to "Figures 6, 7, and 10 as well as the associated text." See pages 10-11 of the Office Action. However, these figures and their associated text, taken as a whole, do not even teach or suggest updating a watermark, much less teaching or suggesting "updating the watermark to include a userID of a transferor" (emphasis added). In fact, Stefik does not even disclose, teach or suggest updating a watermark. Stefik only teaches creating a new watermark with a userID associated with a device that is used for rendering a digital product. See step 1705 in Fig. 17 and step 1208 in Fig. 12. To be more specific, every time a document of a digital work is printed, "a dynamically generated watermark font is created which contains the watermark information that was specified in the print right" (emphasis added). See col. 3, ln. 44-47.

Stefik is primarily concerned with including rights information in a watermark, such that once the document is printed, rights information will "travel with the document." See col. 12, ln. 55-57. Such concern only leads to a need to create a new watermark, not a need to update an already created watermark.

Even assuming, *arguendo*, that Stefik suggests updating a watermark according to the combination recited in claim 1, it is axiomatic that Stefik does not disclose, teach or suggest updating a watermark in the context of transferring of digital works in a peer-to-peer environment where "each subsequent transfer of the data packet between users includes updating the watermark to include a userID of a transferor" (emphasis added), as recited in claim 1. Stefik discloses that, before a document is printed, a glyph box to be included as a watermark must be pre-selected in accordance with the anticipated maximum data size of the rights information. See

Application No: 10/029,997
Attorney's Docket No: US 010470

col. 11, ln. 54-59. This requirement indicates that any available glyph box, including the one having the biggest size, must have a data limit. Because a glyph watermark is limited in data size, Stefik does not disclose, teach or suggest that a watermark be updated with potentially unlimited inclusions of new dynamic information, such as userID of a transferor, resulting from potentially unlimited transfers, each requiring updating the watermark to include a userID of a transferor as recited in claim 1.

Consequently, contrary to the Office Action's assertion, Stefik does not disclose, teach, or suggest "transferring a data packet associated with the digital product from a registered users to another user, wherein the data packet includes a watermark storing the userID of the registered user such that each subsequent transfer of the data packet between users includes updating the watermark to include a userID of a transferor" (emphasis added), as recited in claim 1.

It is therefore respectfully submitted that the cited art references do not, each in itself, or in combination, disclose, teach or suggest all the claim limitations as set forth in claim 1. Independent claims 12 and 21 also contain the subject matter of claim 1 as discussed above. Hence, for at least the same reasons given for claim 1, it is respectfully submitted that Stefik does not disclose, teach or suggest the subject matter according to the combinations recited in claims 12 and 21. Accordingly, reconsideration and withdrawal of the rejection of claims 1, 12 and 21 is respectfully requested.

Claim 4

With respect to claim 4, the Office Action takes "Official Notice" that "it would be obvious to include a watermark with preview sample to prevent fraudulent use". See p. 11 of the

Application No: 10/029,997
Attorney's Docket No: US 010470

Office Action. In essence, the Office Action suggests that an owner of a copyrighted work has an incentive, even a necessity, to protect a preview file of the work from fraudulent use. This is not true. The very purpose of providing a preview file is to create interest in a copyrighted work by experiencing a partial content of the work for free. See p. 17 of the application. Protecting a preview file with any type of security measure is counterproductive to a copyright owner's interest. For the record, the application teaches embedding a watermark within a preview file, not for the purpose of protecting it, but for the purpose of facilitating the transfer of the full content of a digital work from a level n user to a level n+1 user. Hence, contrary to what the Official Notice has assumed, the application prefers that a preview file be not protected. See claim 10 of the application.

It is therefore submitted that the Office Action is incorrect. Accordingly, withdrawal of the Examiner's Official Notice is respectfully requested.

Other Claims

It is also submitted that claims 3-11 are also allowable because they depend from claim 1, which is allowable over the cited reference based upon the above arguments. Accordingly, reconsideration and withdrawal of their rejection is respectfully requested.

Claim 13 depends from allowable independent claim 12 and thus is also allowable by virtue of its dependency. Claims 22-27 depends from allowable independent claim 21 and thus is as well believed to be allowable by virtue of their dependencies. Accordingly, reconsideration and withdrawal of claims 3-13 and 22-27 is respectfully requested.

RECEIVED
CENTRAL FAX CENTER

JUL 26 2006

Application No: 10/029,997
Attorney's Docket No: US 010470

Conclusion

In light of the foregoing, withdrawal of the rejections of record and allowance of this application are earnestly solicited.

While we believe that this Request places the application in condition for allowance, should the Examiner have any further comments or suggestions, it is respectfully requested that the Examiner telephone the undersigned attorney in order to expeditiously resolve any outstanding issues.

Application No: 10/029,997
Attorney's Docket No: US 010470

In the event that the fees submitted prove to be insufficient in connection with the filing of this paper, please charge our Deposit Account Number 50-0578 and please credit any excess fees to such Deposit Account.

Respectfully submitted,
KRAMER & AMADO, P.C.



Mark R. Woodall
Registration No.: 43,286

Date: July 26, 2006

KRAMER & AMADO, P.C.
1725 Duke Street, Suite 240
Alexandria, VA 22314
Phone: 703-519-9801
Fax: 703-519-9802

MAIL ALL CORRESPONDENCE TO :

Michael Belk – Registration No. 33,357
US PHILIPS CORPORATION
P.O. Box 3001
Briarcliff Manor, NY 10510-8001
Phone : (914) 333-9643
Fax. : (914) 322-0615